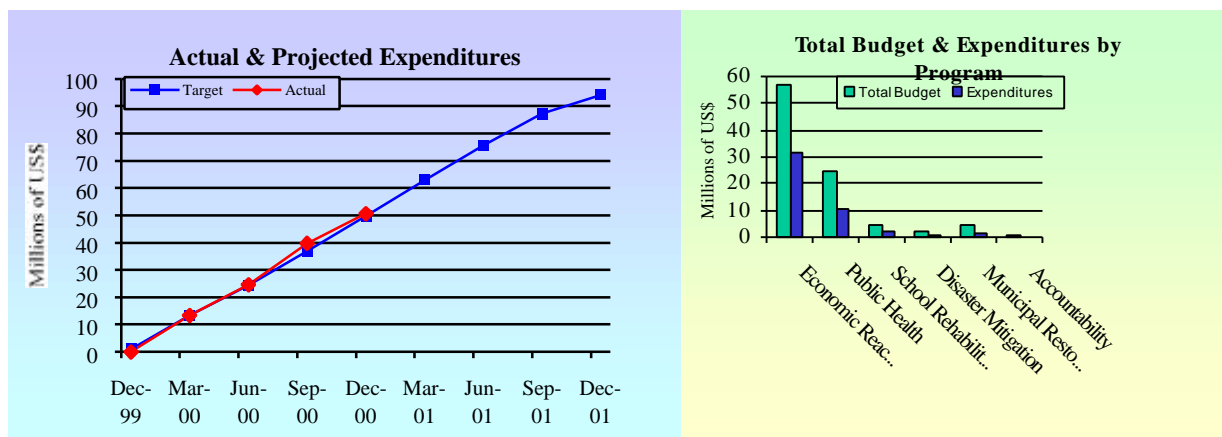


USAID Nicaragua Supplemental Reconstruction Programs Response to Hurricane Mitch, October 1998 Status as of December 31, 2000

MAY 1999 SUPPLEMENTAL RECONSTRUCTION FUNDS (CACEDRF)	TOTAL BUDGET	OBLIGATIONS	COMMITMENTS	EXPENDITURES
	\$94,108,000	\$94,108,000	\$91,994,999	\$50,593,227



Impact of Hurricane Mitch

Hurricane Mitch was the worst natural disaster in Nicaragua's history. Over 3,000 people lost their lives, with the most tragic loss occurring at Posoltega where some 2,000 died in one huge landslide. Eighteen percent of the total population, 870,000 people, were affected by the storm.

The productive sector was hit particularly hard. An estimated 11,550 hectares of agricultural land were destroyed. Another 308,000 hectares (25% of the country's total cropland) were seriously damaged. Potable water and wastewater systems serving 804,000 people suffered over \$560 million worth of damage. Ninety health centers and more than 400 health posts were damaged. Over 500 primary schools were damaged structurally. Total damages are estimated at U.S. \$1.5 billion – 70 percent of Nicaragua's 1998 Gross Domestic Product.

Initial USAID Response

Immediately after the hurricane struck, the United States provided nearly \$22 million in emergency humanitarian and food assistance. USAID reallocated an additional \$8 million to jump-start reconstruction activities in the public health, agriculture and micro-finance areas prior to the passage of the Supplemental Reconstruction funds in May 1999.

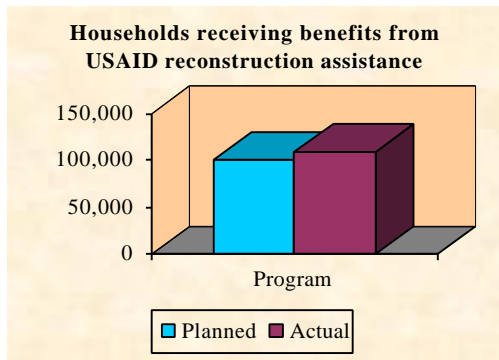
Reconstruction Programs

Based on disaster assessments, pledges from other donors and an analysis of USAID's capabilities, USAID decided to use Supplemental Funds to support reconstruction in the following areas:

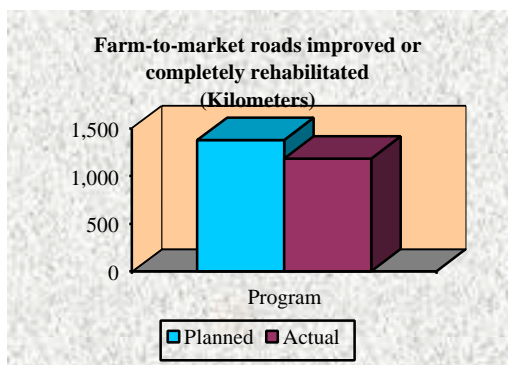
Economic Reactivation

USAID is targeting its assistance to restore the economic livelihood of 100,000 farmers, laborers and microentrepreneurs. This includes rehabilitating or improving 1,375 kilometers of farm to market roads (thereby opening up another 1,875 kilometers of

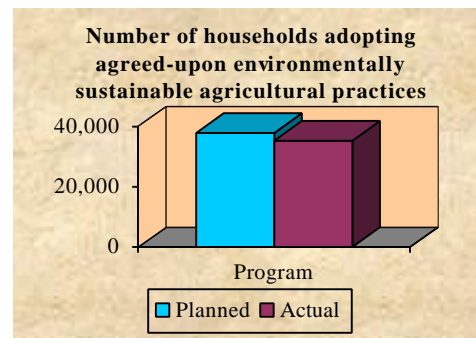
roads), clearing over 1,100 kilometers of watercourse, training 35,000 small farmers to use environmentally sustainable practices, protecting 8,000 hectares of watershed, and providing credit to 36,000 agricultural producers and 18,000 microentrepreneurs.



- Of the over 100,000 households benefiting so far, over 26,000 of these participated in food-for-work or cash-for-work programs, primarily road rehabilitation but also retaining walls, dikes, culverts, and irrigation diversion dams. Implementing partners include CARE, Adventist Development Relief Agency, Save the Children and Project Concern International.



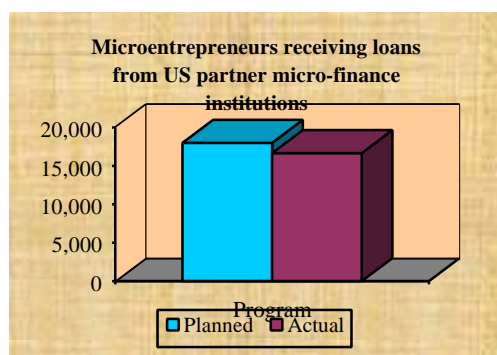
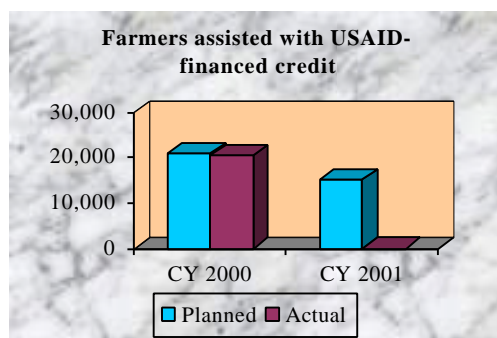
- To date, 340 kilometers of roads have been completely rehabilitated and another 839 kilometers of roads have been improved. An estimated 31,000 families in 700 communities have benefited from these activities, which have included opening up an additional 680 kms of farm-to-market roads.



- Save the Children and Project Concern International sponsored poultry programs that provided 590 rural residents, primarily women, with 3500 chickens of an improved variety, along with training in how to manage them.
- CLUSA assisted farmers in Chinandega to improve crop production by providing technical assistance in the use of organic fertilizers and pesticides and thus reducing the amount of inputs a farmer must purchase to produce a crop. CLUSA also introduced a system of bookkeeping that enables farmers to keep accurate records of production costs, enabling them to make rational decisions on crops and times to sell.
- Alistar, a Nicaraguan NGO, is working with indigenous communities in the remote Coco and Bocay River basins of north-central Nicaragua. With reconstruction support, Alistar has built six warehouses, 83 silos, and four rice threshers. More than 1000 farmers have benefited from the project, particularly by receiving rice and corn seeds and plantain and banana seedlings. Alistar has also provided communities with three large river boats, which have reduced transport costs significantly.
- A USAID contractor, Chemonics, is introducing "micro-greenhouse" technology to cooperatives of small-scale vegetable producers. When complemented by mini-irrigation systems, farmers will be able to produce vegetables year round,

diversifying production, increasing product quality, and taking advantage of higher market prices.

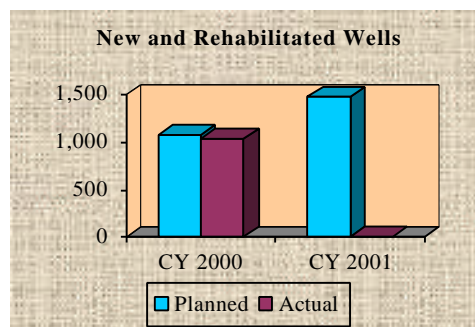
- Technical assistance to 150 small producers in a sweet onion producer cooperative in Sebaco resulted in a \$1 million contract with a U.S. importer, with shipments starting in January 2001.



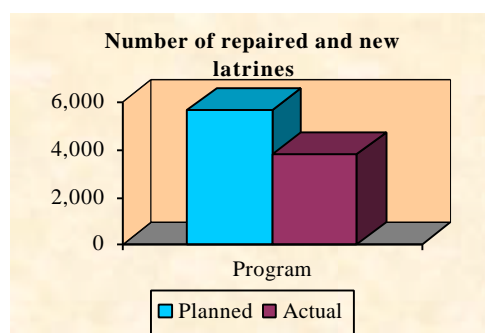
- Over \$7 million has been lent to 16,670 micro-entrepreneurs, over 75 percent of whom are women.

Public Health

This component will improve the health of families in Hurricane Mitch-affected communities by increasing access to quality health services and rehabilitating or installing rural water and sanitation systems. Toward that end, USAID will build or repair 2,550 water wells, 5,640 latrines, 2,600 small environmental projects, 28 health centers and 32 health posts as well as provide training and health education to families in remote rural areas affected by Mitch.



- 632 wells were built or rehabilitated during the fourth quarter, bringing the total number for the year to 1034, slightly less than the target of 1080 wells for the year. The shortfall will be made good in 2001.
- The program to build and repair latrines is well ahead of schedule. More than 1600 new latrines were built in the last quarter, bringing the total to over 3800, and exceeding our target of 3000 for the year.



- USAID-funded deep well drilling rigs began drilling in September 2000. More than 87 wells have been drilled in Nueva Segovia and Chinandega. USAID now expects to exceed its original target of 160 drilled wells by as many as 100 additional wells.
- 10 environmental projects such as drainage seepage pits and reforestation to protect water sources have been completed. Save the Children has designed a simple seepage filter and is awaiting GON approval before initiating

construction. Pending GON approval, 400 will be completed in the first quarter of CY 2001, with another 400 in the second quarter of CY 2001.

- Construction is nearly complete on three large health centers for the Mitch-affected municipalities of Tipitapa, Sébaco and Estelí. Land for three additional sites has been secured in Somoto, Jalapa and Rio Blanco, with construction scheduled to begin presently.
- Johns Hopkins University helped produce a documentary broadcast on local television. The video stresses the importance of clean water and personal hygiene. In addition, radio spots and other promotional material have been integrated into the national healthy habits campaign.
- Reconstruction of two additional health posts was completed by December 31, bringing the total to seven. Adjoining facilities for housing medical staff was completed in ten locations. Matagalpa Hospital has been rehabilitated.
- Installation of radio equipment, including repeater antennas, in health facilities will begin in January. The new system links health units, health posts, and hospitals that serve 60% of the country's population, benefiting approximately 2.9 million people.

School Rehabilitation

USAID originally planned to re-equip, refurbish, and re-supply 570 classrooms in addition to establishing 25 Resource and Outreach Centers in Mitch-affected areas. The last activity was subsequently dropped due to host government resource constraints. Funds were re-programmed to install or rehabilitate potable water systems and latrines in 180 schools, to train teachers to meet the special needs of students

traumatized by the hurricane and to provide out of school teenagers practical skills in such areas as sewing, auto repair and carpentry.

In coordination with the Ministry of Education and the World Bank, USAID has expanded the number of classrooms to be assisted to 675 in 222 schools serving nearly 25,000 students. Assistance will consist of replenishment of school and teaching materials, supplies, classroom equipment and furniture to be provided through 6 deliveries over 2 school years.

- As reported earlier, 675 classrooms have received the first year's three replenishments on schedule. Teachers report that the donation of school supplies not only encourages learning, but also helps their students recover from the disaster by bringing a measure of hope and self-confidence back to classrooms.
- Emotional recovery training sessions conducted in Posoltega and Nueva Vida (urban re-settlement area) involved over 115 trainees, reaching 26 schools and 3,800 students. The school retention rate improved from 83 to over 90 %, the national norm. Academic performance has improved, as has discipline.
- Repairs have been completed in nine of the 16 schools planned in the Rio Coco area. Repair work has begun on four schools to be repaired in the Pacific zone. Materials have been purchased, and two civil engineers to supervise the repairs hired.
- Local NGOs, artisans and small businesses are providing furniture for refurbishing schools. Two small business sub-contractors have been selected to produce about 5,500 furniture kits, which will then be assembled *in situ* by local groups to

encourage community participation and stimulate local economies.

- On October 30 local NGOs CENTRO JUVENIL DON BOSCO and CECIM began providing classes three times a week to 250 students from the Nueva Vida school, teaching older students vocational skills, including sewing, carpentry, welding, electricity, tailoring, lathe operation, computing, and baking.

Disaster Mitigation

The Mitch-funded program has included disaster prevention and mitigation activities. These have included construction works such as drainage and flood control structures, as well as soil stabilization and conservation activities in areas that are prone to flooding, landslides, or other natural disasters.

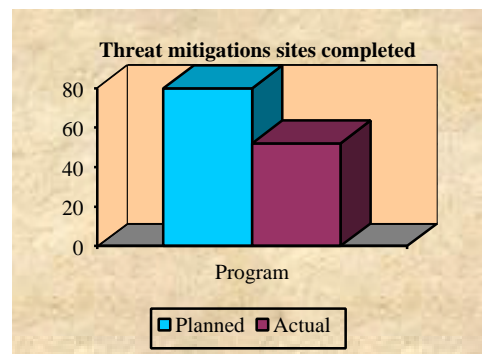
The USAID program to reduce vulnerability to flooding and other natural disasters is well ahead of schedule – and will likely exceed our original target of 80 sites.

A multi-donor coordination group has been established to help communities prepare for disasters, including disaster preparedness training for local groups in seventy Mitch-affected districts and 350 communities.

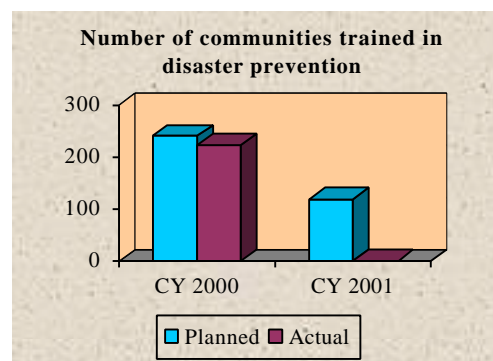
USAID efforts, in partnership of the National Oceanic and Atmospheric Administration (NOAA), the United States Geological Survey (USGS), the Federal Emergency Management Agency (FEMA), the United States Army Corp of Engineers (USACE), and the United States Department of Agriculture (USDA) will improve Nicaragua's capacity to prepare for and respond to disasters.

- The Cooperative League of the United States of America's (CLUSA) stabilized stream channels to reduce the threat of flooding; and Save the Children used Food for Work to divert a stream that changed course during Mitch and

subsequently flooded two communities during the 2000 rainy season.



- CARE, through community food-for-work, built gabions to protect a well and access road in Los Calpules, in the Department of Estelí, a remote community of 140 families. Similarly, CARE supported community efforts to restore the riverbank and protect the water supply in Esquipulas, a small farmer community of 25 families.



- A total of 229 communities and municipalities have been trained in disaster prevention. In the remote indigenous region of the Rio Coco, USAID supported NGOs have developed regional and local emergency plans and risk maps have been developed for three municipalities encompassing 72 communities. Three emergency committees have been formed in four of the six indigenous territories of the Bosawas Biosphere reserve.

- Save the Children, in collaboration with the Civil Defense (Defensa Civil), the Red Cross (Cruz Roja), and local municipal authorities, has completed emergency plans, training, and risk maps for 73 communities in the high risk Pacific volcanic chain (municipalities of Chichigalpa, El Realejo, Chinandega and Telica).

Municipal Restoration

The role of local governments in reconstruction will be strengthened by USAID's preference to channel funds through local governments. Twenty restoration projects in 22 municipalities will be completed with ample participation of the communities in selecting and carrying out projects such as drainage ditches, road resurfacing and reinforcing riverbanks. Three additional projects are in the planning stage.

- Three projects have been completed including repair of the Posoltega dike, construction of a wall in Matagalpa to contain area flooded by the Rio Grande, and construction of storm drains for a 20-block area in the city of Leon.
- Two projects will begin construction in January: paving streets in Palacaguina, and El Tuma-La Dalia.

- Two rural road projects have reached the bidding phase; 10 other projects are in the final design stage.

Transparency and Accountability

USAID has obligated \$1 million to the Inter-American Development Bank (IDB) for a program to ensure transparency in the use of both donor and national disaster funds; anticorruption measures and full accountability for Mitch-related programs and regular Government of Nicaragua (GON) programs.

- USAID's contribution leverages an IDB \$20 million loan that was approved in September 2000 to support the establishment of an Inspectorate to provide both concurrent and special audits of GON investment projects during reconstruction.

Program Monitoring and Management

- Private audit firms and the Defense Contract Audit Agency have completed fourteen audits, with no material findings.

Building a New Life in Nueva Vida

After Lake Managua rose nearly 10 feet above its bank and flooded their homes more than 1,500 families – over 10,000 people - were relocated to Nueva Vida, an area covering about 100 acres on the outskirts of the Managua city limits. Initially, U.S. government emergency funds built temporary dwellings, potable water systems, and latrines as well as three temporary health posts and a primary school.

Now, two years after Hurricane Mitch with the help of US reconstruction funds and assistance from other donors, most families have moved into permanent cement block homes and are forging a community. A new PROFAMILIA clinic, financed by USAID's healthy families program, recently opened in Nueva Vida. For a nominal fee of 75 cents, the clinic provides a wide range of services including prenatal care and family planning. USAID will provide school materials and supplies for the newly built community school and also provide all 780 students with a package of notebooks, pencils, crayons and a dictionary. USAID has also begun an educational recovery program in Nueva Vida, providing tutoring for 250 "at risk" students. Implemented by the non-governmental organization Centro de Educación y Capacitación Integral Hna. Maura Clarke (CECIM) (Center of Integrated Education and Training Sister Maura Clarke), the program also offers students a variety of after-school activities. Once a week the students receive practical skills training in sewing, cooking, carpentry, beautician skills, mechanics or agriculture. The students receive a hot lunch and a snack through the USAID-funded program.

Another successful USAID program is the "Village Bank" system set up by FINCA, (International Fund for Community Assistance), a U.S. private organization. The "village bank" provides loans for owner operated microenterprise development. After Hurricane Mitch, two community banks were set up in Nueva Vida with a combined membership of 42 women.

Although the Nueva Vida residents still have problems, (unemployment remains high), they continue to improve their neighborhood. Jubilee House, a private U.S. organization distributed 16,000 fruit and shade trees. The trees, provided by USAID through the U.S. Department of Agriculture, should help make Nueva Vida a more pleasant place to live.